

## “An Empirical Study on the Effect of Credit Card Usage on Consumer Purchase Behaviour in Chennai Corporation, Tamil Nadu”.

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### ABSTRACT

The purpose is to examine how people’s buying behavior changes when they use a credit card at Chennai corporation, Tamilnadu. Credit card is now a major means for making payments that affects people’s consumption patterns as well their buying behavior and attitude towards money matters nowadays. There is a significant change from earlier trends due to increased accessibilities like loans, rewards schemes, cashbacks etc. & emi facility. Consumers frequently choose credit cards due to their convenience, safety, and ability to make purchases instantly.

This study aims at exploring the impact that use of a credit card has on consumer buying behaviour like planned purchase, impulse purchases; spending patterns; repayment habits etc. It is also concerned with demographical variables like gender, age, income, socio-economic status (occupation)and education level affecting consumer behavior towards utilizing a credit card. Descriptive research design has been used where primary data was obtained by structured questionnaire survey among consumers of Chennai city limits. Second hand information is collected through periodicals, statistics books as well bank papers. Percentage techniques, chi square statistics; correlation; regression analyses were employed for data interpretation.

It will help us understand consumers’ behavior concerning finance as well as their use of a card for buying products nowadays. The results could help banks, financial firms, advertisers, and regulators understand consumers ' tastes and encourage more prudent use of credit cards...

**Keywords:** : Credit Card Usage, Consumer Purchase Behaviour, Impulse Buying, Spending Pattern, Chennai Corporation.

### INTRODUCTION:

The modern financial system has undergone significant transformation with the rapid growth of digital payment methods and banking services. Among these, credit cards have emerged as one of the most widely used financial instruments for facilitating consumer transactions **Alsabah et al., (2025)**. Credit cards provide convenience, flexibility, and purchasing power, allowing consumers to buy goods and services without immediate cash payments. In urban areas such as Chennai, the use of credit cards has increased significantly due to changing lifestyles, higher income levels, and growing acceptance of cashless transactions **Rafee et al., (2022)**.

Consumer purchase behaviour refers to the decision-making process and actions of individuals involved in buying and using products and services **Gupta et al., (2023)**. It is influenced by several factors such as income, lifestyle, social status, personal preferences, and technological advancements. Credit card usage has become an important factor affecting consumer buying behaviour, as it provides easy access to credit and reduces the psychological burden of immediate payment **Zhao et al., (2022)**. This often encourages consumers to spend more than they originally planned.

The growing popularity of credit cards is largely driven by the benefits offered by banks and financial institutions, such as reward points, cashback offers, discounts, travel

benefits, and Equated Monthly Installment (EMI) facilities **Gupta et al., (2025)**. These attractive features motivate consumers to prefer credit cards over traditional payment methods like cash and debit cards. As a result, purchasing decisions are increasingly influenced by the availability of credit card benefits rather than actual financial necessity.

In recent years, impulse buying behaviour has become more common among credit card users **Khandelwal et al., (2022)**. Since credit cards separate the act of purchasing from the act of payment, consumers may experience reduced financial restraint while shopping **Batista et al., (2025)**. This can lead to unplanned expenditures and excessive spending, particularly among young professionals and middle-income groups. Such behavioural changes highlight the need to study the relationship between credit card usage and consumer purchase decisions.

Chennai, being one of the major metropolitan cities in Tamil Nadu, presents a suitable environment for studying consumer financial behaviour. The city has a diverse population with varying income groups, occupations, and educational backgrounds, making it an ideal location for analyzing credit card usage patterns **Lakshmi et al., (2024)**. The rapid growth of shopping malls, e-commerce platforms, and digital banking services in Chennai further strengthens the relevance of this study **Jayabal (2025)**.

Understanding the effect of credit card usage on consumer purchase behaviour is important for multiple stakeholders **Khandelwal et al., (2022)**. Banks and financial institutions can use such insights to design better credit products and responsible lending practices **Addy et al., (2024)**. Marketers and retailers can better understand spending patterns and customer preferences, while policymakers can promote financial literacy and consumer protection measures to prevent excessive debt and financial stress.

This study focuses on examining how credit card usage influences consumer purchase behaviour in Chennai Corporation. It seeks to identify whether credit card usage contributes to planned purchases, impulse buying, higher spending habits, and repayment challenges. It also aims to understand the role of demographic variables such as age, income, occupation, and education in shaping credit card usage behaviour.

The findings of this research are expected to contribute to the academic understanding of consumer finance and behavioural economics. They will also offer practical implications for improving responsible credit card usage among consumers. In a rapidly evolving cashless economy, studying the behavioural impact of credit cards becomes essential for maintaining financial discipline and promoting sustainable consumer spending habits.

## REVIEW OF LITERATURE

**Ahamed (2023)** examined consumer behavior toward the use of credit cards in Hyderabad and found a positive association between customer information and credit card usage behavior. The study emphasized that financial institutions must provide clear and comprehensive information and better services to meet the increasing demand for credit card usage. It highlighted the growing popularity of credit cards and the need for banks to respond effectively to changing consumer preferences. **Deviranjitha et al., (2014)** studied the usage and satisfaction of credit cards among customers in Krishnagiri district and observed that many people were aware of credit cards but hesitated to use them due to fear of falling into a debt trap. They found that high-income earners and highly educated consumers used credit cards more frequently and enjoyed higher credit limits. However, customer satisfaction was low because of high interest rates, and lack of proper advice from banks was identified as a major problem. **Pradhan et al., (2018)** analyzed the relationship between materialism, credit card usage, impulse buying, and compulsive buying behavior. Their study revealed that materialism increases credit card usage and impulse buying, which further leads to compulsive buying habits. They also found that reducing credit card usage could help decrease both impulse and compulsive buying behaviour. **Revathy et al., (2025)** conducted an analytical study on customer preferences and satisfaction in private sector banks in Chennai and found that male customers showed higher preferences and satisfaction levels than female customers. Their research provided useful insights for improving consumer finance services and customer satisfaction in banking. **Sriram et al., (2023)** studied the antecedents of credit card usage behaviour in India and identified factors such as power-

prestige, credit card features, and ease of use as major influences. Their findings helped explain how consumer motivations affect financial well-being and debt management. **Packiam et al., (2025)** examined consumers' online shopping behavior in Chennai and found that several influencing factors shape buying behaviour, helping businesses improve customer satisfaction and online shopping experiences.

## STATEMENT OF THE PROBLEM

The increasing use of credit cards has significantly transformed consumer purchasing behaviour in urban areas, especially in metropolitan cities like Chennai. Credit cards provide convenience, flexibility, and immediate purchasing power, enabling consumers to buy goods and services without the need for instant cash payment **Sondinti et al., (2022)**. While this financial tool offers several benefits such as reward points, cashback offers, discounts, and EMI facilities, it also influences spending behaviour in both positive and negative ways **Fulzele et al., (2025)**. Many consumers tend to make impulsive purchases and spend beyond their actual financial capacity due to the easy availability of credit. The psychological separation between purchasing and payment often reduces spending restraint and encourages unnecessary consumption. In many cases, consumers fail to monitor their repayment capacity, leading to financial stress, debt accumulation, and poor money management. Although credit cards support planned purchasing and emergency financial needs, excessive dependence on them may result in unhealthy financial habits **Malini et al., (2025)**. Factors such as age, income, occupation, lifestyle, and financial literacy also play a major role in determining how consumers use credit cards **Arrita (2025)**. In Chennai, where digital payments and consumerism are rapidly growing, understanding the actual impact of credit card usage on purchase behaviour has become increasingly important. There is limited empirical evidence specifically focusing on how credit card usage affects consumer buying decisions within Chennai Corporation. Therefore, this study attempts to examine the effect of credit card usage on consumer purchase behaviour, including spending patterns, impulse buying tendencies, and repayment behaviour, to provide useful insights for consumers, banks, marketers, and policymakers.

## OBJECTIVES

To examine the effect of credit card usage on consumer purchase behaviour in Chennai Corporation, Tamil Nadu.

- To analyze the influence of credit card usage on spending patterns, impulse buying behaviour, and repayment habits of consumers in Chennai Corporation.

## METHODOLOGY

The present work is based upon an exploratory approach and it examines how does credit card usage influence consumer purchase behaviour at Chennai corporation, Tamil Nadu. Secondary information is gathered by

interviewing consumers about their purchasing behavior; impulsive shopping tendencies as well as payment practices of those who use credit cards for purchases. The secondary information is collected through magazines, books, bank statements as well as studies done on consumers regarding their use of credit cards. Conveniently, a sample of people has been selected for this survey across various parts of Chennai corporation area. The sample size is 150 people from different ages, professions, and incomes. The statistical techniques of percent calculation, chi square testing method; correlation coefficient; regression equation etc. have been used to interpret results. It is aimed at understanding of a correlation among use of cards for payment, shopping behavior etc.

### POPULATION AND SAMPLING

This research sample includes every person who uses a credit card and is domiciled at Chennai corporation, Tamil Nadu. It is a group of people with various ages; professions; incomes; education level that uses their credit card to buy things/services. As there are a lot of people with varied backgrounds so we cannot do research on everyone at once. Thus, a representative of sample has been chosen for this study. Convenience sample is used for selecting participants who are easily accessible as well willing to take part in this research work. A sample size of

150 credit card holders was taken from different areas in Chennai Corporation. Sample is used for representing various population groups so as increase validity and accuracy rate research findings. The procedure is helpful to gather pertinent information with lesser period of effort & funds.

### DATA COLLECTION AND SOURCES

Both primary as well secondary data are used for analysis purpose regarding impact of credit card usage among consumers at Chennai’s Corp ltd. Data is gathered first-hand by interviewing customers who use their cards via an organized survey that seeks details about how much they spend impulsively as well as whether they repay promptly. Conveniently sampled subjects are administered a survey instrument by means of distribution to them. The secondary information is collected through journal papers, books, research paper, banking report & various websites. They are helpful for conceptual knowledge as well, to support factual data also. Primary as well as second-hand information is used for thorough research work completion. Data gathered is methodically arranged, utilized to perform statistics analysis as well as draw conclusions from it.

### ANALYSIS AND FINDINGS

**Table 1: Demographic Profile of Respondents**

Variable	Category	Percentage
Gender	Male	54%
	Female	46%
Age	18–25	28%
	26–40	45%
	Above 40	27%
Income	Low	30%
	Middle	50%
	High	20%

The gender distribution of respondents in Chennai is 54% males and 46% females who have used credit cards. Age distribution shows that most people are in the age bracket of 26-40 years (45%). It indicates that older adults use more cards than any other age group does. Half of the people surveyed (50%) have a middle-class income, 30 percent are poor, and 20 percent are rich. It shows a higher

prevalence of use for cards by people with moderate income levels. In general it is representative of an audience including many adults as well as people who are financially comfortable to buy products online.

**Table 2: Frequency of Credit Card Usage**

Usage Level	Respondents (%)	Interpretation
Weekly	38%	Regular usage for routine purchases
Monthly	35%	Moderate and planned usage

Rarely	15%	Limited dependence on credit cards
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From this we can see how many people use their credit cards here, Chennai. Most people (38%) use credit cards on a weekly basis, which shows that they are dependent on them to make everyday purchases and payments. About 35 percent of customers choose a monthly plan, indicating that they have budgeted for it. A smaller number of people (15%) use credit cards infrequently, indicating low dependence on credit services. It implies

there are some customers who do not rely much upon a card to meet basic requirements of life. These results indicate a greater frequency of use on both an “as needed” basis, as well as every week/month for users. Credit cards are useful and limited to many people’s spending habits.

**Table 3: Purpose of Credit Card Usage**

Purpose	Respondents (%)	Observations
Shopping	42%	Major use for regular purchases
Online Purchase	30%	Growing preference for digital transactions
Bill Payments	18%	Used for utility and recurring expenses

From this study, it is found that major reasons for use by people from Chennai are. Shopping is the largest category at 42 percent, meaning people are using their credit cards primarily to make everyday purchases and shop. Online sales are 30 percent of total sales due to the growing popularity of online shopping. Bill payments are 18% of spending, so people do use credit cards for utilities and other regular bills. It implies widespread acceptance of

credit cards as a means to purchase goods/services, whether offline/on-line. A smaller share of bills is paid on time, suggesting customers value spending more than services. Credit cards basically function to facilitate purchases & online transactions easily.

**Table 4: Influence on Buying Behaviour**

Behaviour	Agree (%)	Disagree (%)
Encourages impulsive buying	62%	38%
Increases spending	70%	30%
Improves purchase convenience	85%	15%

These results indicate an important impact of use of credit cards by consumers at Chennai market place. Most people (62%) think that credit cards make them buy things they do not need and spend money without thinking. Moreover, 70 percent of people think that using credit cards increases their spending and they tend to spend more money. At the same time, 85 % of people agree that credit cards make

purchases more convenient and are useful for making quick payments. In general it can be stated about this matter of fact to say so much as follows credit card have a great impact on consumer’s shopping behavior.

**Table 5: Repayment Behaviour**

Repayment Pattern	Respondents (%)	Interpretation
Full payment on time	40%	Healthy financial behaviour
Minimum payment only	35%	Moderate financial stress
Delayed payment	25%	High financial burden

Credit cards usage statistics indicate a varied level of fiscal responsibility among people from Chennai who pay for debts due to banks and other lending institutions. A large number of people (40%) pay their bills in full and on

time, indicating sound financial management and prudent use of credit. However, 35 % of customers pay just the minimum payment owing to financial strain and dependence on credit cards. Meanwhile, 25 percent of

respondents delay their payments, showing poor payment discipline and possible financial strain. In general, results show there are some people who manage their debt well but many others do not pay on time. This implies that credit card payments might create different degrees of financial strain based on people's incomes and their spending habits.

## SUGGESTIONS

People ought to manage credit wisely, budgeting expenses so they don't spend more than what's repayable on them later. Financial organizations as well banks must promote more consciousness regarding proper use of cards, rates for loans etc. Education on finances could assist individuals to comprehend what is risky about impulsive purchases as well as late payment for products bought online, etc. Cashbacks, rewards etc. must not lead one astray from controlling expenditure properly too much so that it does become a burden on you. The credit ceilings must match with customer's capacity for repayments as well as their earnings levels. Periodic review and analysis of a person's bank statement is beneficial for keeping track on one's finances. In general encouraging prudent use of cards would contribute to better customer spending habits as well as lessened economic pressure on individuals.

## CONCLUSION

This research finds out there is an impact of use of credit cards among consumers at Chennai corporation, Tamilnadu. CREDIT cards provide convenience, flexibility and purchasing power that affect both planned as well impulse buying. These results indicate a high rate of card usage among customers when making retail transactions as well as e-commerce orders along with paying bills which leads them towards more expenditure behavior. However at least part of this is explained by payment behavior which shows certain people are having a hard time paying their bills on-time and/or fully enough (minimum). Age, income level & profession are other variables that affect consumer behavior towards credit cards. Good management of finances as well sound budgeting is important for avoiding a heavy loan load and maintaining good economic health. Credit cards are still an important part of finance if you use them responsibly..

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